

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS ROME 003998

SIPDIS

SENSITIVE

STATE PASS USTR
GENEVA FOR USTR

E.O. 12958: N/A

TAGS: [ETRD](#) [IT](#) [EUN](#)

SUBJECT: ITALY REGARDING U.S. ACTIONS TO TERMINATE LARGE
COMMERCIAL AIRCRAFT (LCA) SUBSIDIES

REF: A. SECSTATE 213973

[B](#). ROME 3530

SENSITIVE BUT UNCLASSIFIED -- NOT FOR INTERNET DISTRIBUTION

[1](#)1. (U) Post delivered ref A demarche on October 6 to senior Italian government trade officials Amedeo Teti, Director General for Commercial Agreements, Ministry of Productive Activities (MPA); Federico Eichberg, Senior Advisor to Foreign Trade Vice Minister Adolfo Urso; and Sandro Fanella, Director of the MPA's WTO Office. We also delivered demarche to Giandomenico Magliano, Director General for Multilateral Economic and Financial Cooperation at the MFA.

[1](#)2. (SBU) In a subsequent discussion with econoff, Fanella underscored the delicate position in which Italy finds itself regarding aircraft subsidies. He noted that Italian firm Alenia Aeronautica, part of the giant defense industrial conglomerate Finmeccanica, is a major subcontractor on the Boeing 7E7 project (it also is a subcontractor, though to a smaller extent, on the Airbus A380 project). The GOI thus had hoped for a positive outcome to recent U.S.-EU discussions on revising the LCA agreement, keeping both sides from initiating a trade war that could have potentially adverse consequences for both Airbus and Boeing. Fanella acknowledged U.S. rationale for abrogating the 1992 LCA subsidies agreement now, given Airbus' indications that it would soon request launch aid for an aircraft to compete with the 7E7. However, with a new commission about to take office in Brussels, as well as the upcoming U.S. presidential elections, Fanella was pessimistic that both sides would be able to make progress under the rather tight schedule dictated by the WTO consultations process.

[1](#)3. (SBU) Comment: Despite Italian government support for Alenia Aeronautica's large stake in the 7E7 program, it is unclear how forcefully the GOI may push within the Commission for a negotiated settlement with the U.S. Italy tends to play a relatively passive role in setting EU trade policy, and the GOI is likely to let the four EU member states most involved with Airbus drive the Commission's actions. Nevertheless post will continue to press our concerns with key Italian officials, emphasizing the U.S. goal of negotiating a new agreement with the EU to eliminate new subsidies for LCA. End comment.

SEMBLER

NNNN

2004ROME03998 - Classification: UNCLASSIFIED